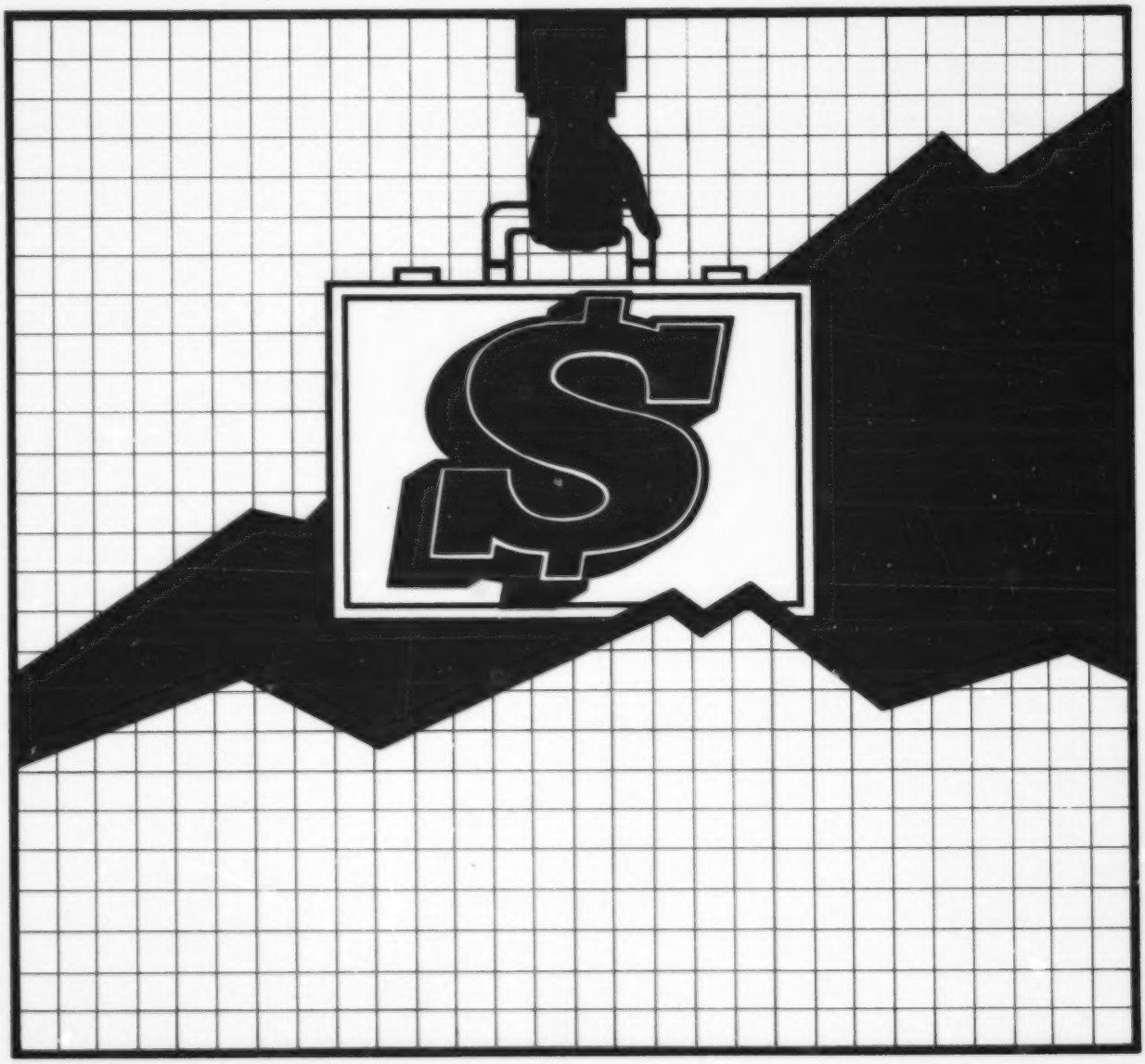
Ontario

A
Management
Advisory
Publication

When and how to use CONSULTANTS ...effectively



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When and how to use

CONSULTANTS

...effectively

Ontario

Ministry of Municipal Affairs

Municipal Operations Division

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Deputy Minister (Acting)

TABLE OF CONTENTS

ACKNOWLEDGEMENTS iii

INTRODUCTION 1

SUMMARY OF CONTENTS 2

- Defining and Documenting Requirements 2
- Selecting the Consultant 2
- Controlling the Job 3
- Evaluation 3

1. WHAT IS A CONSULTANT? 4

2. HIRING A CONSULTANT 5

- Common Problems 5
- Examples 6
  - Successes 6
  - Problems 7

3. DETERMINING THE NEED FOR A CONSULTANT 9

4. ALTERNATIVES TO HIRING A CONSULTANT 11

- Training/Hiring Municipal Staff 11
- Information and Advice from Other Municipalities 11
- Contract Employees and Students 12
- Provincial Resources 12
- Other Alternatives 12
- Making the Most of Municipal Staff 13

5. DEFINING THE JOB 14

6. COST-BENEFIT ANALYSIS 15

- Benefits 15
- Costs 16

7. TERMS OF REFERENCE 17

- What are Terms of Reference? 17
- Preparation 18
- Job Requirements 19
- Work Plan 20

8. SELECTING THE RIGHT CONSULTANT 21

- The Importance of this Step 21
- Where to Start 21
- The Selection Process – Who? 22
  - Selection Solely by Members of Council 22
  - Selection by Senior Staff 22

- Selection by Committee Reporting to Council ... 22
- Selection by Outside Expert ... 22
- Citizens' Involvement ... 23

• The Selection Process – How? ... 23
- Single Interview Selection ... 24
- Select List ... 24
- General Proposal ... 26
- Payment for Proposals ... 26

• Evaluation and Rating Criteria ... 27
• Notification of Results ... 30

9. THE AGREEMENT ... 32

• Roles, Rights and Responsibilities ... 33
- Common Considerations ... 33
- Municipality's Responsibilities ... 34
- Consultant's Responsibilities ... 35

• Paying for the Job ... 35
• Changing the Terms of Reference ... 37

10. THE CLIENT-CONSULTANT RELATIONSHIP ... 38

11. CONTROLLING THE JOB ... 39

• Approaches ... 39
• Monitoring Progress ... 40
• Monitoring Changes to the Work Plan ... 41
• Controlling Costs ... 41
• Problem-Solving ... 42

12. EVALUATING THE JOB ... 43

• Why Evaluate? ... 43
• Evaluation Procedures ... 43

13. SUMMARY ... 45

• Key Points of When and How to Use a Consultant ... 45
• Elements of a Work Plan ... 46
• Project Control ... 46
• Elements of a Good Job ... 47

14. CONCLUSION ... 48

15. REFERENCES ... 49

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INTRODUCTION

When and How to Use Consultants . . . Effectively is an updated version of our 1977 Municipal Management Advisory Publication, *Getting More For Consulting Dollars*, which it now replaces.

This publication is designed to cover concepts and principles of the general municipal consulting process in Ontario. It is intended to provide municipalities with an understanding of how to use consultants, from their initial engagement through to the conclusion of the work. It deals with common problems encountered in the consulting process. It details the steps involved in hiring consultants, from determining the need to evaluating potential choices. The preparation of agreements and terms of reference are examined, followed by discussions on controlling the job and conducting a final evaluation of the job.

Each municipality in Ontario has its own unique set of physical, geographical, economic, political and human factors. The needs and desires of the inhabitants differ, as does the composition of the council and staff who direct the allocation of resources to meet these needs. Therefore, each municipality must determine procedures which are most appropriate for its own circumstances.

Detailed procedures are best established, however, after the entire process has been considered. This publication provides a general framework which should help you decide what your requirements are, from start to finish. It is essential to review the whole process before using any part of these guidelines, so that you can decide whether a particular guideline is relevant to your needs and circumstances.

The ultimate goal is to get good work done: work for which you get your money's worth but which also leaves both parties – the municipality and the consultant – with a sense of accomplishment.

SUMMARY OF CONTENTS

The foliowing table will simplify locating material when you need to refer to specific aspects of When and How to Use Consultants.

PHASES	SECTION REFERENCES	PAGE NO.
1. DEFINING AND DOCUMENTING REQUIREMENTS		
• Define problem or need	WHAT IS A CONSULTANT?	4
	HIRING A CONSULTANT	5
	DETERMINING THE NEED FOR A CONSULTANT	9
• Collect and analyze facts to pin down problem	ALTERNATIVES TO HIRING A CONSULTANT	11
	DEFINING THE JOB	14
• Estimate realistically how long the job will take, at what cost	COST-BENEFIT ANALYSIS	15
• Decide on the type of help you need	DETERMINING THE NEED FOR A CONSULTANT	9
• Investigate alternatives	ALTERNATIVES TO HIRING A CONSULTANT	11
• Report to council	ALTERNATIVES TO HIRING A CONSULTANT	11
2. SELECTING THE CONSULTANT		
• Draw up terms of reference	TERMS OF REFERENCE	17
• Decide on selection approach	SELECTING THE RIGHT CONSULTANT	21

• Identify qualified vendors	SELECTING THE RIGHT CONSULTANT	21
• Send out request for proposals	SELECTING THE RIGHT CONSULTANT	21
• Evaluate written vendor proposals	SELECTING THE RIGHT CONSULTANT	21
• Select best consultant and advise council	SELECTING THE RIGHT CONSULTANT	21
• Obtain council's approval and negotiate contract	SELECTING THE RIGHT CONSULTANT	21
• Execute agreement	SELECTING THE RIGHT CONSULTANT	21
• Notify unsuccessful vendors	SELECTING THE RIGHT CONSULTANT	21
3. CONTROLLING THE JOB		
• Approaches	THE CLIENT CONSULTANT RELATIONSHIP	38
• Monitor progress and changes to work plan or terms of reference	THE CLIENT CONSULTANT RELATIONSHIP	38
• Control costs	THE CLIENT CONSULTANT RELATIONSHIP	38
• Problem solving	THE CLIENT CONSULTANT RELATIONSHIP	38
4. EVALUATION		
• Evaluation procedures	EVALUATING THE JOB	43

1. WHAT IS A CONSULTANT?

A consultant is an individual or a person representing a consulting firm, who earns a living by providing short-term professional expertise, on a fee-for-service basis, usually under agreement. A consultant is not a full- or part-time employee of the municipality or board. He or she is engaged for a specified period of time, and for a specified fee to:

- provide special expertise or services; or
- study or advise upon a specific area; and
- may be required to make specific recommendations or offer opinions.

Consultants bring a wide range of experience and theory to bear on a particular problem. They draw out knowledge of local conditions from those who have it, in a form that can be applied to the work at hand.

Members of consulting firms are trained to meet deadlines and to achieve stated objectives efficiently in order to make a profit. You can expect reputable firms to meet stated objectives within defined periods. You can also expect to find a range of competence among consultants similar to that found in other professional groups.

The consulting firm consists of a number of individuals with different experiences and qualities. Large firms have more internal resources, while smaller firms engage specialists as required, or form a consortium of skills. All consulting firms can be expected to do their best to match the requirements of the job with the skills of their consulting staff.

2. HIRING A CONSULTANT

When you select a consultant you are trying to match a person to a job. And the job includes the environment, of which you and your people are a vital part. If you do not get a good match, you will have to consider changing the consultant or the job. You may even have to consider shelving the job.

Even when you think you have a good match, you must still monitor the job, as will the consultant, to ensure that the work is going according to plan. You must keep in touch with the consultant so that potential problems can be identified. Then, with the consultant, you can determine if corrective actions are necessary. Many client-consultant relationships can be relatively problem free when good communications are established at the start.

Common Problems

However, hiring a consultant is not an automatic solution to time and staff shortage problems. Most people grossly underestimate the time and effort involved in engaging a consultant and, subsequently, in reviewing the consultant's work. Careful consideration should be given before deciding. You may not save as much time as you thought you would.

Problems that may be encountered by municipal clients and consultants are not unique to Ontario municipalities. They include:

- unsatisfactory work
- high costs
- misunderstood objectives
- unused results
- wide variations from original estimates
- delays in completion of work
- incomplete work
- conflicts between individuals or groups
- unnecessary activities
- ineffective use of municipal or consultant resources
- public dissatisfaction with the work or results.

The examples of successes and problems that follow could have happened anywhere. People may spot similarities to their own experiences. These examples are presented to illustrate both the unfortunate consequences of not taking precautionary measures, or of not understanding the consulting process itself, and to illustrate the positive results of well-planned projects.

Examples

Successes

- Three adjoining townships all had manual financial systems which led to outdated information, time lags and frustrated staff. They hired consultants to conduct a feasibility study on the shared use of computer services between the townships. Based on the consultant's report, the townships went forward with computerization. Up-to-date and accurate financial information is now available and cost savings through improved efficiency are becoming noticeable.

- A county, city and health unit wanted to conduct a requirements study to determine what the best method would be to implement automated systems. One study was done for three municipalities and another was done for the remaining area municipalities within the county. The consultant's final report outlined in detail current systems and possible future directions. The second study consisted of a survey which asked the area municipalities to determine the extent of automation and the perceived value of automated systems. Based on the recommendations the original three municipalities are successfully moving forward with computerization. Some of the area municipalities will follow at a later date. The consultants were retained to help with the actual selection of equipment and systems implementation.

- Consultants were hired to help a city's public works department improve its maintenance management system (MMS) by using participative management techniques (quality circles). The department's MMS was reviewed and staff were organized and trained in implementing and identifying improvements. The consultants established the process which continued after they left. The quality circles have been highly successful, with productivity increasing and departmental morale improving.

- A town wanted to upgrade and centralize its financial system which was a combination of manual procedures and service bureau processing. They hired consultants to conduct a study to determine specific requirements. Based on their report, the town implemented a mini-computer system with standard financial software. Reporting and staff efficiency have greatly improved.

Problems

- A town wanted an official plan but could not afford a full-scale study. One firm quoted a low price based on extensive experience with similar towns. After the job was done, a staff member noticed a wrong name on a map detail. The town discovered much supporting material was simply photostats of old work, and in one case the consultant forgot to change the name.

- A town acquired a computer from a manufacturer but neither hardware nor software were up to expectations. Costs doubled yet the software and hardware were still not satisfactory. The town then hired a consulting firm to provide an opinion. The report by the firm was expensive and only listed options available without taking a position on the main problem.

- A town contracted with a planning consultant to prepare revisions to the official plan. Later the town needed detailed supporting information for an Ontario Municipal Board hearing but discovered that the background information was owned by the consultants.

- An organizational study resulted in implementation of a new organization and complete reassessment of salaries. Later, evaluation of the new organization showed a concentration of power in the same individuals as prior to the change. No increase in either efficiency or effectiveness was realized.

- An architect was engaged to report on the cost of renovations to an old structure. The report was accepted and the same firm was hired to do the project. The costs increased by over 50% due to unforeseen problems. The consultant firm still received a percentage of all costs despite their underestimation.

- An efficiency and productivity improvement study resulted in an increase in automation. Several positions were eliminated. The union fought, struck and eventually settled, with a compromise. The direct costs of strikes and the settlements plus indirect costs in future negotiations more than offset savings.

- Consultants were engaged by the recreation department to improve recreation opportunities according to citizens' wishes in a riverfront area of a city. The consultants recommended construction of a mall, parkland and a street system designed to slow down traffic and encourage use of alternate routes. This report was in direct conflict with another study commissioned by the public works department. Public works' objective was to remove bottlenecks to speed up vehicle flow in and out of the waterfront.

- A town requested a feasibility study on automation. It received a report virtually identical to one prepared for another municipality. Most of the report was textbook theory and staff noted omissions specific to their needs.

- Consultants were engaged to make recommendations on long-term planning policy. When council attempted to implement the recommendations, there was an outcry from the citizens. It was discovered that public opinion surveys, to have been conducted by students, and on which recommendations should have been based, were not done.

The problem cases presented do not necessarily indicate a "bad" consultant or a "bad" client. What they do show is that errors, oversights or mistakes in any stage of the process, on the part of either party, can cause problems.

After the fact it is difficult, if not impossible, to correct problems. Even the courts may not provide relief. And the job will have been a "bad" job because of mutual dissatisfaction with the results. It is hoped that this publication will help you not only to avoid problems but also to get the best possible results.

3. DETERMINING THE NEED FOR A CONSULTANT

Consultants may be used for every function or service in a municipality. They may be used to design public works, to manage engineering projects, to study traffic flows, to propose official plans, to prepare specialized by-laws, to report on organizational problems, to prepare salary ranges, to recommend pay levels, to recruit staff, to recommend new systems, to improve procedures, to program computers, or to report on alternate solutions to social problems.

The benefits can be many: cost savings, improved services, better procedures, the acquisition of new skills, fulfilment of current and future needs, and objectivity.

Generally, the most common reason for using a consultant is that the required expertise is not available within the municipality. However, other reasons for engaging consultants include:

- the need for an objective viewpoint
- the sensitivity of the area or subject
- the legislative or regulatory requirements
- staff loads and urgency of the project
- the acquisition of needed skills and knowledge through transfer
- economy.

Obtaining an objective viewpoint has advantages even though the actual need may be questionable. External opinions may be sought because staff may be reluctant to stand behind their own opinions, or because council is reluctant to support staff recommendations.

It has been suggested that some politicians and municipal officials believe that the public finds an external report more acceptable than an internal report. Interestingly enough, indications are that consultants' reports support staff recommendations more frequently than they oppose them. In addition, sensitive issues such as salary increases for councillors or contentious planning issues may be difficult for a municipality to deal with objectively. The controversial nature of these items may well justify obtaining an independent viewpoint from an outside professional to ensure impartiality.

A consultant is sometimes hired because statutes or regulations require that a person with specified professional qualifications do the job. If such a person is not on staff and the job is short-term, or infrequent, the municipality will hire a suitable qualified consultant. For example, a professional engineer is required to make municipal drain reports or design a bridge.

Consultants may also be used to relieve an overload on existing staff. If work urgently needs doing, the use of consultants may get the job done sooner rather than later. They may also be used to do projects that are outside the scope of the municipal staff's regular duties.

When a municipality wants to get a job done that is not likely to recur, it may be less expensive in the long run to hire a consultant than to incur the costs of recruiting and paying a permanent employee.

Municipal staff can acquire knowledge and skills working with consultants.

4. ALTERNATIVES TO HIRING A CONSULTANT

There are a number of alternatives to hiring a consultant, many of which have been used successfully by municipalities in Ontario.

Training/Hiring Municipal Staff

It is not economically feasible for every municipality to hire staff with expertise in all areas where the use of consultants is contemplated. However, it is suggested that the municipality consider the long-term gains which could accrue from employing suitably qualified staff if the need is likely to be a continuing one. Also the skills of existing staff can be upgraded through continuing education and specialized training.

Information and Advice from Other Municipalities

Neighbouring municipalities (particularly the larger ones), upper-tier levels of government, or other local government agencies are an additional source of expertise which, under certain circumstances, may be available to municipalities. Examples of this information-sharing process include Huron County's planning services and Elgin County's engineering services which are available to their local municipalities.

Payment for such services may be based on either a straight charge or, in the case of an upper-tier municipality, made through normal levies. The latter alternative appears to be growing in popularity because it provides the lower-tier municipalities with services that they might not be able to afford otherwise.

For various reasons the direct cost to the municipality seeking information and advice from other municipalities is generally lower than the cost of employing consultants. Some reasons include:

- less overhead than consultants
- reduced proposal preparation costs (consultant will charge for this in overall fee)
- the absence of the profit element.

Users of the service sometimes feel more comfortable with upper-tier staff who are familiar with local conditions and who have to live with the results of their work.

Municipalities that have undertaken a similar project are generally willing to share experiences and offer advice. Those who use the experience of others frequently do so to determine the practicability of a proven approach, to judge the likelihood of its producing similar results, to discover possible problems, or to acquire knowledge about an area of expertise in order to improve their own understanding of a consulting project.

Contract Employees and Students

Many municipalities have employed people on a contract basis, either for a specific period of time, or to undertake a specific job.

Students on work terms can be useful in particular jobs. Similarly, recent graduates may have technical or research skills and might be able to perform specific tasks or undertake specific projects.

The main advantages of this type of arrangement are that no continuing staff expenditures are committed and control over time and costs is more readily exercised. The major disadvantages may be lack of experience, and the need for closer supervision or monitoring.

Provincial Resources

Some ministries have resources that are available to municipalities on an advisory or other basis. For example, ministries such as Municipal Affairs, Agriculture and Food, Transportation and Communications, Northern Development and Mines, Energy and Environment all have field offices with professional staff to advise and assist municipalities on matters within their ministerial jurisdiction.

Other Alternatives

Other sources of assistance can be considered:

- citizens' volunteer groups (e.g., as members of a computer selection committee)
- professional institutes and associations
- reference material or studies by other governments that may be adaptable to the municipality's purpose
- material published by educational institutions.

These sources may be a satisfactory substitute for the use of consultants. In any case, one or more might prove to be useful to supplement the work of consultants.

Making the Most of Municipal Staff

Even if the decision is made to use a consultant, the amount of work and the associated costs may be reduced by making effective use of municipal staff. The more work staff can do, the lower the consulting fees.

A practice that is becoming more prevalent is the project-team approach, where consulting and municipal staff resources are assigned to work together as members of one team.

The project-team approach offers at least three distinct advantages. First, the municipal staff's knowledge of their own municipality is applied directly to the project. Second, being part of a project team enables municipal employees to gain a working knowledge, from the consultant, of a variety of techniques and experiences. Third, the approach provides continuity for future development or follow-up in the particular project or in others like it.

The team approach also gives concrete recognition to internal staff's intimate knowledge of the municipality and demonstrates that they are very much part of the project. This not only builds morale and encourages cooperation, but may increase the likelihood of the job being highly successful. Staff can contribute to the practicability of recommendations or results and to their effective implementation. Finally, this approach sets the stage for municipal staff to continue successfully with the process or system once the consultant's work is finished.

The team approach is not practical for all engagements. Its success depends upon the availability and attitude of the people involved. It should, however, be considered whenever feasible.

5. DEFINING THE JOB

You should define the job in as much detail as possible from the outset. Initially, it may only be possible to provide a preliminary outline. An example would be engineering projects for construction of a dam. A preliminary outline is sufficient to enable the municipality to select the first round of consultants and will assist in the preparation of the terms of reference.

A preliminary outline has the following purposes:

- It assists the municipality to specify what is wanted from the study or project and what internal and external resources are available.
- It gives council information on the type and scope of work being considered.
- It gives the consultants a general idea of what the job is about so they can respond with letters of qualification (see page 29).
- It helps you to identify a short list of interested and capable consultants.
- It gives you an idea of which consultants you will want to approach and reduces the cost of the end product.

The preliminary outline should give main objectives, providing information on such key elements as: what needs gave rise to the project; what quantifiable results are expected, when, and in what form; some idea of price range; and what staff or other resources could be available from the municipality.

It may also become apparent at this stage that the job is so complex that it needs to be sub-divided into manageable units, or that it requires a full-time project manager.

Prospective consultants should be given the opportunity to comment on the outline to ensure that it contains enough information on which to submit a letter of qualification. The job may be so nebulous that a more specific definition is required before a consultant can submit an objective proposal. The definition may be prepared by existing staff or by hiring a consultant on a short-term basis.

6. COST-BENEFIT ANALYSIS

A cost-benefit analysis consists of assessing, as realistically as possible, the results expected from the proposed project and comparing them with the expenditure of resources that will be required to attain these results. The comparison should indicate the anticipated gains and how long a project will take to pay back its costs. Also, non-quantifiable benefits must be considered in the evaluation. These might include satisfaction of a public demand, protection of persons or property, improvement in the quality of services to the public, or improvement in the quality and timeliness of information on which council bases policy decisions.

Cost-benefit analysis helps you decide not only whether particular jobs are worth doing, but also which jobs should be undertaken first and which jobs deferred.

It is not always possible to do a full-scale analysis, but at least a rough estimate should be prepared. As the job becomes more clearly defined, a more comprehensive analysis can be performed. Such an analysis might include these factors:

Benefits

- Quantifiable
  - savings
  - personnel reductions
  - increased revenues
  - improved productivity
  - eligibility for grants from the provincial or federal governments

- Non-Quantifiable
  - improved planning
  - citizen satisfaction
  - improved response to management or public needs
  - improved decision-making
  - improved morale

Costs

- Quantifiable
  - consultant fees
  - staff time
  - review of report
  - public hearings
  - implementation
- Non-Quantifiable
  - disruptions
  - declining morale
  - impact on management-union relations

Recognition of these factors is important to the success of the job, not simply because of the dollar value, but because it makes all concerned more aware of the ramifications and impact of the job.

The end product may be a report with a set of recommendations or it may be actual work performed. The cost-benefit analysis of the engagement consists of determining the value of the end product and weighing this against the cost of obtaining it. In addition to the above benefits, the value of the end product may include the elimination or avoidance of inappropriate or expensive courses of action.

7. TERMS OF REFERENCE

What are Terms of Reference?

Terms of reference are a detailed description in writing of the job to be undertaken. They state the nature of the problem, establish objectives, define terminology and the scope of the work to be done, outline the environment, state the expected results and deliverables or output, define progress reporting requirements, and provide details on rights and responsibilities of those involved, together with terms and conditions of the engagement.

Final terms of reference should form part of the formal agreement, either within the body of the document or as an appendix. They are invaluable for those unfamiliar with the job, or in cases of dispute. Quite simply, they are essential to the successful outcome of most consulting jobs.

Good terms of reference will not guarantee a good job, but they will go a long way to ensure that both parties understand the work to be done, are aware of their responsibilities and will perform to the best of their ability.

Even the most experienced consultant and municipality need terms of reference. The terms should be detailed enough so that all requirements and understandings are explicit. This should be the case regardless of the level of knowledge and experience of the parties involved.

The terms of reference, along with the body of the contract should be reviewed by the municipality's lawyers before they are finalized and signed.

Jobs that involve large numbers of people or are complex require more detailed terms than do those that are smaller in size or scope. The terms of reference become a valuable document for communications between those involved, by providing clear and comprehensive information about the job to those who must do it. They of course should not be so inflexible that they do not allow adjustments or improved processes beneficial to the municipality.

It is generally agreed that the time spent in preparing clear and concise terms of reference results in significant increases in effectiveness and productivity throughout the job by promoting understanding and reducing the possibility

of misinterpretation or disagreement. There is also less chance of unexpected cost increases.

Preparation

The initial terms of reference are prepared in detail by the staff of the municipality. Outside assistance may be sought from a number of sources such as other municipalities, associations, institutions and consultants themselves. Many ministries have sample terms of reference or are prepared to offer advice on specialized engagements.

The initial terms of reference will not include specific methods to be used in a technical consulting job or work schedules, including target dates in technical and management consulting jobs. These matters will be subject to negotiation or modification, and will be resolved during discussions with consultants or other interested parties.

As projects increase in complexity, size and scope, or with greater numbers of interested or affected groups, some municipalities establish a committee, called a technical advisory committee, or some similar name. Some ministries that contribute to the cost of municipal projects require these committees. This committee generally includes representatives from major participating groups, and often has as its first assignment the preparation of initial terms of reference.

In certain cases a consultant may be required to develop detailed terms of reference, using the preliminary outline of the job plus information gained in discussions and his/her perception of the job as obtained through the interview stage or other sources. In this case, the consultant will usually charge a fee for doing this work. The terms of reference are subsequently sent to other consultants to bid on.

Regardless of who actually prepares terms of reference, those who must make a decision as to the objectives and those who will be working on the project should have the opportunity to review and comment prior to finalization. However, the municipality is the final authority in accepting the terms of reference.

The terms of reference must be finalized prior to the completion of negotiations and agreed to in writing by all parties, preferably as part of the formal contract.

Job Requirements

Objectives are statements of what is to be achieved in terms that can be measured. These measurements may be in units of time, dollars, or specific products obtained; often all three are used. Definitions should be in words that minimize the possibility of misinterpretation.

The scope of the project must be clear. It may also be important to spell out what the project does not cover, as well as what it does.

Clear objectives protect all parties. The municipality, the consultant and other interested parties must understand and agree upon exactly what is required, so that all parties will know what has to be achieved and when it has been achieved. The more specific the objective, the easier it will be to measure achievement. Statements should be clear and concise. If time periods are to be included, they should be stated.

Where a job has more than one objective, primary and secondary priorities should be assigned. A long or complex job may require the establishment of sub-objectives. Each one should be stated in such a manner that it can be measured and controlled.

Some objectives may be conditional upon the satisfactory completion of a prior objective or sub-objective. If so, this should be clearly stated and the alternatives defined. For example, a project handled in stages may contain the options to cancel or defer at certain points; the terms and conditions to exercise such options must be described.

Some projects lend themselves more readily to measurable objectives than others. The municipality should be aware, however, that if an objective cannot be defined in concrete and measurable terms, the consultant is less likely to understand what is wanted, and the chances of success are reduced.

Since at least one report is normally required, the type and numbers of copies should be defined, and it should be stated whether a formal presentation is necessary and if so to whom.

Work Plan

Activities used to attain the stated objective or sub-objective are frequently summarized in what is referred to as a "work plan" which identifies each activity, together with the persons who will do it, as well as the scheduled start and finish dates. *The work plan is the consultant's responsibility and should be incorporated in the consultant's proposal.*

The work plan should be supported by descriptive material in sufficient detail to avoid misinterpretation and to allow control of the activity. Here again the amount of work done in each activity should be determined, such as the number of people to be interviewed.

As part of the work plan, the consultant in consultation with the municipal contact also usually prepares a work schedule covering the anticipated number of individuals needed, the times for involvement of each and the expected results at the end of each task. This schedule indicates who, when, and for how long these people will work on the project. A copy or summary should be retained for control purposes to incorporate time and personnel resource estimates into the overall work plan. It is desirable to require the consultant to obtain approval before making any staffing changes.

Staff of the consultant and client groups should be given the opportunity to review and comment upon the work plan prior to finalization, in order that all will clearly understand exactly what is required of each group.

The timing of activities should be discussed by all concerned to ensure there is no serious conflict with normal operations in the municipality and other projects for the consultant. It is important that both senior and junior staff fully comprehend their involvement and priorities in the project. It is vital that any work plan include realistic amounts of time for such matters as obtaining council approval.

8. SELECTING THE RIGHT CONSULTANT

The Importance of this Step

The choice of a consultant is the single most important step in the process, for it is the foundation for all that will follow. You have defined a job and you want the best consultant for that job. Many methods of selection exist, ranging from simply awarding the job to an individual, through elaborate procedures involving committees, requests for proposals, formal submissions, and selection boards. Each municipality creates its own selection process, sets its own policies and establishes its own procedures. However, it should be remembered that in a government environment, fair competition is generally expected by the public. Although conducting a competition takes longer, generally the results are better value for money.

Where to Start

There are a number of ways to start looking for a consultant. Those municipalities with knowledgeable staff in the required areas should have no problem. For others, a number of sources for assistance exist. As mentioned earlier, the most practical solution may be to contact people in another municipality who had a similar job done to see how they went about it and how effective that method was.

Ministries can often advise which municipalities have employed consultants to do similar jobs. Professional and municipal organizations often maintain lists of firms and areas of specialization.

A number of municipalities maintain their own roster of consultants. Most reputable firms will send brochures to a municipality upon request. In fact, if there is a potential job most consultants would discuss it on the telephone at no obligation to the inquirer.

The importance of establishing and maintaining personal contacts with individuals in a variety of consulting firms or with people using consultants cannot be overemphasized. They may provide leads about similar jobs where consultants were used. These leads can be followed up by the municipality when the need arises. Such contacts are easily maintained on an informal basis. Some of the best of these are consultants who are unavailable for the particular job and therefore might give unbiased advice.

The Selection Process – Who?

The first part of the process is to decide who will select the consultant. Many municipalities have procedural by-laws for tendering and awarding contracts. Some of the common policies presently found in municipalities are listed below but it must be remembered that council has the final say in all options listed.

- Selection Solely by Members of Council

  This policy places the full responsibility squarely on the shoulders of the municipal council. It may also mean that council is overlooking the technical knowledge of its staff who could be of great value in making a choice. This process can be successful for certain types of sensitive assignments such as critical issues, organization and wage studies, or goals and objectives. A disadvantage is that staff input may be limited or even non-existent. This can result in a measure of dissatisfaction on the part of the municipal staff who have to work with the consultants. They may feel that they should have some voice in who is engaged. It has the further disadvantage of increasing council's workload.

- Selection by Senior Staff

  This policy recognizes that the senior staff member (or his or her delegate) will be held responsible for the successful completion of the job, and will be required to work closely with the consultants throughout the job. Although council retains the right to veto the selection, it is seldom exercised. This method is frequently applied to specialized jobs or routine jobs that do not require council's limited time.

- Selection by Committee Reporting to Council

  This policy is often a combination of the previous two. The committee generally includes at least one member of council and the department head affected by the project. Ministry people are often on these committees as resource people. Other members, such as technical experts, are added as required. Such committees are most commonly used when other governments or municipalities are involved in a joint venture. One major advantage is that all interested parties have input to the process.

- Selection by Outside Expert

  The selection of a consulting firm upon recommendation by another consultant is occasionally encountered. In this case the outside expert

reviews the municipality's needs and finds consultants who can handle the job satisfactorily. The expert may make a short list of perhaps three firms and analyze the pros and cons of each. The expert would then make recommendations to the municipality.

Under this approach, it is necessary to use one of the other methods to engage the outside expert. This expert is then the consultant for a job whose objective is to engage consultants for the main job.

- Citizens' Involvement

  Some municipalities have involved members of their community in the selection process. This approach is useful when a specific neighbourhood or community group is involved. The selection committee may be strengthened as a result of including a resident representative who is directly affected by the project. Citizens with specific or unique knowledge of the project may also be of value in the selection process.

Each municipality should determine which approach or combination of approaches best suits its needs. Several Ontario municipalities are using a selection policy based on the following factors:

Class A — covers contracts for projects which exceed a predetermined dollar amount for services, or which attract wide public interest, or which will have significant consequences. The council is heavily involved in the selection process.

Class B — covers services for which the fee exceeds a set amount but where public interest is limited. A selection committee recommends a choice with approval to come from council.

Class C — covers services where the amount is less than a specified limit, and this limit is within the jurisdiction of the chief administrative officer or equivalent, or appropriate head of department.

The Selection Process – How?

The next step is to decide upon appropriate procedures for choosing the consultant, the how of the selection process.

The following procedures are in wide use in Ontario municipalities:

- Single Interview Selection

  Under this procedure, the consulting firm or individual thought to be most suitable is invited to discuss the project with the municipal staff. The person who will actually be doing the work should be present at this meeting. If a mutually acceptable agreement is not reached, the municipality approaches the second most suitable firm, if any, and the procedure is repeated.

  This is a simple system that has been used with varying degrees of success by a number of municipalities. It is most appropriate when the undertaking is limited in size or scope and does not warrant more elaborate procedures, when few specialist firms are available or if time is a limiting factor. It may also be appropriate if the project is likely to be one of a series of generally similar projects, such as reconstructing roads.

- Select List

  This is one of the most common procedures used by municipalities. Under this procedure, the selection committee screens a list of consultants who might be considered for the project. If no list is available or it is thought that there could be suitable consultants not known to the municipality, a public notice could be placed in newspapers asking interested firms to submit letters outlining their qualifications (letters of qualification or LOQ). The choice is then narrowed to a limited number of consultants who are most likely to meet the requirements of the job. The municipality invites these consultants to express an interest in the job, usually by sending them a letter that includes the preliminary outline of the job. In some cases complete specifications or detailed terms of reference may be included in the invitation. This step is frequently referred to as a request for proposal (RFP).

  Those consultants expressing an interest in the project are often invited to a meeting with the selection committee. This, of course, should only be done at the preliminary stage and should generally be limited to exploring what the work entails. These meetings may be held individually with each consultant or with all consultants together. An advantage of a group meeting is that it may assist in defining the job more clearly.

The preliminary meeting is an optional step, but usually a very desirable one. It is often possible to develop a short list of likely consultants directly from those who expressed an interest in the job.

As a result of the preliminary meeting, a request for proposal should be sent to a few consultants (usually no more than four), either directly following the meeting or after preparation of detailed terms of reference. The deadline for submitting responses should allow sufficient time for preliminary research and thinking. This is particularly important in complex jobs and in "soft" areas such as organizational reviews.

Following a review of the proposals and checking of references, the selection committee usually invites each candidate to a meeting at which in-depth discussions are held to determine the suitability of the consulting firm. The consultants are invited to make a presentation at this meeting. The presentation should include information as to who will be working on the project; what resources or facilities the municipality will need to supply; what the reporting and monitoring requirements are; what the performance measurements are; and what other matters should be detailed in the terms of reference and agreement. The firm should be prepared to disclose and support its selection of personnel and estimated time requirements. It should also disclose its fee structure and provide its estimate of costs. These meetings should be conducted on an individual basis.

Costs should play a major part in the selection process only when proposals show highly significant variations. Even then you should analyze what you are getting for the money relative to your needs. It is also essential to have an idea of the costs so that you can determine whether you can afford the job. Of great importance is the reputation of the consultant and the quality of work you might expect.

Those consultant personnel who will be heavily involved in the job should be interviewed personally to evaluate their experience and suitability. This may be done during the presentation or at a subsequent meeting.

A recommendation is then made to council by the selection committee. All consultants should be notified of council's decision.

You may want to refer to the appropriate consultant organization for guidelines on selection. For example, the Municipal Engineers' Association and Consulting Engineers of Ontario in their publication *Recommended Methods of Selecting a Consulting Engineer* have produced formal procedures for selecting a consulting engineer.

- General Proposal

  The general proposal is similar to the invitations to a select list described above, except that the job is open to proposals from any interested firm. The usual method is to publish a request for proposal (RFP). All these interested may request a copy of the specifications of the job, and submit a proposal. (See Bulletin No. 53, *Tendering*, p.3.)

  The screening process used follows the procedures previously discussed. The main difference is that there is no preliminary screening.

  These procedures are used more often in public works or engineering projects than for other jobs where specifications are less precise and harder to define.

- Payment for Proposals

  Most consultants build the cost of the proposal into the total project fee. Payment for proposals is most commonly used where emphasis is on design creativity.

  If design creativity is required, however, it should comprise the first consulting assignment. Follow-on assignments such as development and implementation may occur for subsequent requirements.

  In situations of design creativity, the procedures consist of either public competition or invitations to selected firms requesting ideas for a building or a project design. A short list is prepared, and requests made for detailed proposals, for which a set fee covering time and materials is paid.

  These procedures encourage both well-established and new firms to participate in the competition. The client usually gets good value for money because the short-listed firms know they are competing for a

serious job with a client prepared to invest sufficient money at an early stage.

It has been suggested that the practice might be used in such areas as architecture, where there is a desire for creativity and fresh ideas, or where a project is not completely defined.

Evaluation and Rating Criteria

The purpose of evaluation and rating systems is to provide a standard method of comparing and evaluating consultants and their proposals. Some form of rating system should be used whether it be an "unacceptable-poor-acceptable-good-excellent" measure or a numerical equivalent. The system should be used to measure criteria affecting the successful performance of the job and how closely council policies and preferences are matched. *The system should ultimately define those elements in a job which are essential and those which are desirable.* The essential criteria must be met, while the desirable criteria are options or extras. Whatever system is used, it should be equitable, clearly understood and open to scrutiny of interested parties, including members of the general public.

Since each criterion is unlikely to be of equal importance, a weighting factor should be assigned which measures the relative importance of each criterion and the criteria divided into essential and desirable categories.

The rating and weighting should be combined numerically to determine which consultant mostly closely matches the essential job requirements.

Criteria against which proposals will be measured will vary depending upon the stages of the selection process. During the initial screening process, when determining those firms that should be approached, the criteria to be used might include the following:

- *experience with this type of work* — what experience does the firm have in the field and in this particular type of work?

- *experience with this municipality* — if previously engaged, how well did they perform?

- *specialties and experience of personnel* — even a prominent firm may not have the necessary experts on staff;

- *reputation of the firm* — what is their stability and their track record in handling jobs with municipalities of similar size?

- *reputation of individuals within the firm* — it is essential to know the experience and the track record of the individuals who would actually be doing the work;

- *work the firm has done for other municipalities* — knowledge of how municipalities work is an important factor; references should be checked;

- *problems and benefits experienced by clients* — it is important to know potential areas of strengths and weaknesses in the consultant's performance;

- *characteristics necessary to qualify for external financial support* — there may be conditions which a firm must meet in order for the municipality to obtain financial support of certain kinds;

- *whether a branch office is maintained locally* — this, and the size of the office, could signify a knowledge of local conditions, or a recognition of the importance of this municipality to the firm;

- *location of head office* — this could be important if the head office exercises control over the branch office or if senior people are inaccessible;

- *distance specialists will travel to the job* — this is related to the availability of personnel locally, which could affect time for the project and travelling expenses that must be covered.

When comprehensive, detailed proposals are submitted, additional criteria for comparison can be established, such as:

- *quality of the proposal* — the proposal is the prime instrument in winning the job. It is unlikely that future work will be of higher quality and this sets

the tone for the quality of future work. This does not refer to expensive, glossy packaging. It does mean responding appropriately, clearly and concisely;

- *terms of reference* — the approach to the work including the work schedule and staff allocation plan proposed by the consultants should be evaluated against the terms of reference and ultimately included in the terms of reference of the successful party;

- *understanding of the job* — the proposal should demonstrate whether the firm has really grasped what is wanted by the municipality. This is best judged by scrutinizing the approach, work plan, and liaison and reporting procedures;

- *specialized technical resources* — the consultant firm should have access to additional specialized technical resources, if such people are not on their staff;

- *liaison and reporting* — who will provide the liaison between the two parties, how often and by what means; what provision is there for reporting?

- *availability of local personnel* — it is necessary to know how much information about local affairs will have to be explained to the consultants doing the job, and what effect this will have on working schedules. It may be useful to have local personnel as part of the project team;

- *availability of senior people* — senior people must be available when decisions are required;

- *personality and attitude* — an assessment should be made of how well the consulting people will work with the council and staff, and what effect this will have on the job;

- *ability to deal with the public* — some jobs require public meetings or public participation; if so, the individuals working on these activities should have characteristics (personality, techniques) that will attain the desired effects;

- *fee structure* — What is the consultant's fee structure, how are changes determined and how effectively can fees be monitored or controlled? The fee quotation should state the upset limit and the method of billing and payment. Upset limits are only reasonable if it is clear that the municipality will recognize additional work added to the project, as approved by council or its staff, over such things as greater difficulties or delays which were not the fault of the consultant but caused by other parties.

- *costs and extras* — potential variance from estimated fees should be evaluated and rated, and expenses such as travel and telephone should be decided upon;

- *ownership of materials and documents* — this could be a factor in certain jobs and, where possible, the municipality should also obtain ownership and copyright;

- *decision points and ability to cancel* — the proposal should indicate the major decisions required and should, where necessary, allow for the project to stop.

Some municipalities have found it useful to establish a minimum score that must be obtained before a consultant can be considered. If no consultant meets this minimum, the job as *defined* cannot be undertaken. Courses of action may be to review the criteria or scoring to make sure they were appropriate and ensure those who did the evaluation understood the process.

Other actions may include redefining or postponing the job. Still other action related to the consultants, such as discussing the problem with those closest to attaining an acceptable score or reopening the competition to a wider field, may be alternatives worth considering.

Notification of Results

If not involved in the selection process council should be the first to be informed in whatever manner deemed acceptable. Then all consultants should be notified of the outcome.

Many clients and consultants advocate a policy of informing each candidate of the basis for the selection or rejection of proposals.

The selection procedures and key factors should be available for inspection by an interested party and, if well conceived, will demonstrably support the successful candidate.

Sometimes a debriefing is held for unsuccessful candidates. This provides valuable feedback to consultant candidates as well as support for the successful candidate.

In conclusion, it is emphasized that when selecting a consultant, factors such as the consultant's qualifications, reputation, experience, knowledge and method of payment should be considered along with cost. Cost alone should not be the overriding basis for selection.

9. THE AGREEMENT

Once council approval has been obtained to go ahead, an agreement should be drawn up. The agreement provides a measure of protection for both the consultant and the municipality, legally stating what has been agreed to by each.

The agreement should clearly define those who are party to the agreement, who pays for the work and on what terms. The agreement states the rights and responsibilities of those who are party to the agreement, the terms and conditions of the agreement, its duration, and other matters that are critical to the project. The agreement refers to the proposal as well as the terms of reference, which then become part of the agreement. It is wise to state explicitly that the proposal and terms of reference constitute part of the contract.

Circumstances may arise that make the agreement difficult or impossible to fulfil. Possible reasons are lack of funds, changed needs, or inability of the consultant to meet the agreed terms. A cancellation clause in the contract should be included, spelling out conditions and procedures for termination. The clause should include the period and manner of notice required of each party. In addition, the agreement should contain other remedies for situations of a less drastic nature. For example, the municipality may want the right to waive particular obligations of the consultant without putting the entire contract in jeopardy. It may want particular remedies for particular breaches. The aim is to be as flexible as possible so as not to lose the entire contract due to changing circumstances.

All matters that any party to an agreement believes should be dealt with and protected must be contained either in the contract itself or in attachments such as the terms of reference. All documents describing the work of the consultant, fees or changes should form a part of the contract.

The agreement is legally binding on each party who signs it. Its contents must be reviewed by a lawyer and its legal implications should be fully understood.

In many instances, a consultant will provide a copy of a standard contract. This contract should not be accepted without scrutiny but should be reviewed

by the municipality's lawyer and modified if it is inappropriate. The municipality may have its lawyer prepare its own contract.

In summary, the contract incorporates:

- the contract document
- terms of reference
- consultant's proposal
- any relevant correspondence
- amendments

Finally, topics that must be covered in the contract include:

- payment terms, including down-payments, progress payments and holdbacks
- progress reporting requirements
- delivery dates as appropriate
- warranties and penalties regarding the performance requirements to which the consultant has agreed
- ownership, including copyright, and deliverables
- maintenance terms, as appropriate (scope of services and costs)
- travel and other ancillary expenses
- confidentiality clause
- cancellation clause
- arbitration in case of dispute
- reference to the applicable Provincial legislation.

Roles, Rights and Responsibilities

Both parties must understand their respective roles, rights and respsonsibilities.

The documents comprising the contract should be modified as necessary and reflect decisions that have been arrived at during discussions between the municipality and the consultant, and should clearly define what is expected of each.

Common Considerations

Although each job is different, some common questions arise in determining roles, rights and responsibilities of the contracting parties. These are:

- what is the agreed timetable?
- what facilities will be provided by whom?

- what data are available and where?
- what are the limitations, if any, on contacts with staff?
- who has authority to make decisions?
- who in the firm will actually do the work?
- what are the liaison procedures?
- what progress reports are required and when?
- what access does each party have to the "working papers" of the other?
- who owns information and material gathered or prepared during the course of a study?
- what procedures will be followed in case of a dispute?
- what is the consultant's role in dealing with the public, other municipalities and other levels of government?
- what will be the format, quantity and distribution of the final product?
- what are the criteria for evaluating the consultant's performance, and when and how will they be applied?

Where more than two parties are involved – for example, when joint ventures are conducted by more than one municipality or by more than one level of government, or when more than one consulting firm is involved – additional matters must be clarified:

- who is the client?
- who is the senior consultant?
- how will disputes be settled?
- what procedures for reporting and approval are required?

Large projects may be divided into separate stages and conditions and roles may differ for each stage. Similarly, groups of activities may have varying conditions. All of these require definition.

Municipal and consultant responsibilities must be identified. Some division of responsibilities might include the following:

Municipality's Responsibilities

The client must:

- communicate to the consultant what is to be done in a clear, concise manner;
- monitor the job to ensure that the work is done according to plan;
- express dissatisfaction with the consultant's performance at the appropriate time;

- ensure that the appropriate municipal staff are informed of the work to be done and that the appropriate top management visibly supports it;
- assist the consultant by providing whatever resources are possible, whether these be information, people or services;
- inform the consultant where resources are lacking;
- make necessary decisions at critical points without undue delay;
- let all concerned know how well they did;
- pay the consultant promptly upon satisfactory performance;
- level with the consultant;
- involve staff with consultant project team.

Consultant's Responsibilities

The consultant must

- make sure he/she understands the objectives;
- recognize differences in the municipal environment as opposed to the private sector;
- inform the client of the activities in the work plan;
- maintain written and verbal communications with the client;
- recognize the municipal official's role in resolving any conflicts between staff and consultants;
- inform the client of the resources needed to do the work and the impacts if these are unavailable, such as work that cannot be done or increased costs;
- adhere to the work plan and target dates;
- advise the client of critical points for decisions;
- level with the client.

Paying for the Job

The basis for payment can be whatever the parties agree upon. Agreement must be made at the outset so that conflicts or disputes will be avoided. Some considerations in arriving at the terms of payment are:

- the desirability of using **separate cost estimates** for each stage of the job;

- **the basis of pricing** — per diem rates, overhead rates, cost multipliers, materials, hourly rates, fixed prices, upset limit, fee for completion of an objective; all these should be spelled out and explained in detail;

- **incidental expenses** — the agreement should specify an upper limit that will be allowed for travel expenses, telephone calls and similar costs;

- **basis of billing** — times and manner in which invoices are to be submitted and paid should be set;

- **invoices and supporting documents** — details and evidence for such items as extras and expenses, including definition of permissible items should be provided;

- **cost limitations** — an "upset limit" may be advisable: that is, an upper limit beyond which no payment will be considered without justification and approval. The agreement may also recognize that there may be circumstances beyond anyone's control that will require this limit to be exceeded. In such a case, the consultant should notify the municipality as soon as possible so that the municipality can decide to extend the maximum or determine, with the consultant, where savings can be realized.

- **cost variations** — these include conditions where change to original estimates may be accepted;

- **holdbacks, penalties or incentives** — many variations are possible - if included, be specific;

- **advances and progress payments** — if these are deemed advisable the manner and method must be detailed;

- **signing authority** — make clear who within the municipality will be authorized to approve payments;

- **auditing consultant's project records** — a clause to this effect should be included in the contract in case it becomes necessary to verify consultant's charges.

This area becomes more complex when additional parties are involved. Other municipalities, other levels of government, other consultants may all be responsible for, or entitled to, a portion of payment. All aspects and bases for allocating payment must be clearly defined.

Where more than one consultant is involved, there are two alternatives:

a) have separate agreements with each consultant,
   or
b) let the primary consultant assume responsibility for entire project and designate the responsibilities of other consultants as if they were members of the same firm.

Changing the Terms of Reference

Although changes to the terms of reference do occur, it is desirable to prevent this from happening. If the job is well-defined, fewer changes will occur. Also, changes to the ceiling price of the contract should not occur unless the terms of reference change.

In view of the possibility of changes, the terms of reference must contain a section that sets the terms and conditions under which any modification of the job can be made. In addition, a process for settling disputes should be set out in detail in the terms of reference.

If there is to be a change, a complete analysis of the effect of proposed changes must be submitted and agreed upon by both parties. This procedure will protect both the consultant and the client municipality.

Any changes made to the terms of reference, and included in an appendix thereto, also form part of the agreement and should be reviewed by your lawyer before finalizing.

The Managing Engineers Association/Consulting Engineers of Ontario's "Client/Consultant Agreement for Municipal Public Works," October 1982, serves as a good basic agreement from which to start and will save municipalities time and money in the development of such an agreement. In any event, the municipal solicitor should be consulted on the contents of this document specific to the municipality's needs.

10. THE CLIENT-CONSULTANT RELATIONSHIP

The client-consultant relationship will affect all aspects of the job. The individuals who will be involved, from the client group and from the consulting firm, are subject to human reactions and attitudes. It is therefore important to recognize that potential personality conflicts might have an impact upon the successful completion of the job. These conflicts should be dealt with right away by the municipality and the consultant. Failure to recognize and deal with personality conflicts may lead to problems for each group and could seriously affect the work.

Probably the most important factors in maintaining good relationships between clients and consultants are a continuing exchange of information and frank communications. An atmosphere of mutual trust and respect should prevail. It is vital that individuals involved ask questions to clarify points which are not understood and ensure that both parties attach the same meaning to the same thing. Appropriate questions demonstrate a desire to learn so that the job will be done as well as possible. Neither the consultant nor the client has unlimited time to spend on such discussions. It is therefore advisable to build briefing sessions and interim meetings into the process.

The role and the extent of authority of the municipal contact person should be made clear to all parties involved, so that assumptions do not lead to misunderstandings. This may be significant from a legal perspective in situations where there has been reliance on a contact person who has exercised powers which the municipality did not intend to delegate. The municipality may find itself bound by such actions where it is reasonable for the consultant to believe the necessary delegation has been made.

In addition, the municipal contact person's powers cannot be by law unlimited. It is advisable for the municipal council to maintain some degree of supervision, particularly over costs and timing. Such supervision would also help prevent potential misunderstandings between the parties.

11. CONTROLLING THE JOB

Approaches

In order to control the job, the common practice in most municipalities is to assign a coordinator and ensure that this person is given the necessary time and authority to carry out his or her responsibilities.

If the project-team approach is used, a senior staff member is designated as project manager and is responsible for the coordination of the project and reports to council or to the appropriate staff member or committee.

Control is simplified if the job has been divided into a number of stages, and each stage has a defined set of activities that can be evaluated. In some cases each stage requires municipal approval before the project team commences the next.

For extremely complex projects, some municipalities have found it necessary to engage a project-management consultant whose job is to protect the interest of the client and coordinate all aspects of the project to ensure that its objectives are attained on schedule.

Whoever is responsible for controlling or monitoring the project should assess which areas are in fact possible to control. The consultant and municipal staff should also determine where the only monitoring practicable is the accomplishment of an objective or sub-objective. Well-written terms of reference will assist in this evaluation.

The municipal project manager will have a counterpart in the consulting firm. Where a consortium or group of consultants is involved, one firm must be given responsibility for the project or a particular part of it and must name a project officer.

Similarly, if a third party is involved, a responsible contact officer must be designated.

The major tool for project management is the work plan since it incorporates the consultant's time and personnel budget. The project manager requires a

copy of this plan, while those responsible for carrying out specific activities must be made fully familiar with their segments of the work plan.

Monitoring Progress

Studies show that some municipalities do not implement any procedures for monitoring progress of the job. In these instances the municipal staff simply reports to its council on the attainment of a specific objective or sub-objective and accept any and all delays as they occur. Even if there is no ongoing monitoring, it is essential that the project manager and, where necessary, council be aware of major problems which will affect the attainment of defined objectives. The municipality and the consultant should produce a plan.

Most jobs can be divided into a series of activities that are performed during planned periods. Each has a scheduled completion date. The progress of each towards completion can be monitored.

Monitoring could consist of a series of regular meetings between consultants and staff or it could take the form of written reports by the project manager. Although target dates should be set for these reports, it is important to be flexible, if possible, about the timing and manner of formal reporting. Various techniques can be used in these meetings or reports. One of them is the comparison of the work plan to actual performance. Another is the use of a critical path network diagram or similar device to indicate the relationship of groups of activities and what activities must be completed before others can start. Slack time (a period during which activity can be delayed without affecting the target date) can be calculated using this technique, if necessary. Areas where no slack time and where no delays are possible should also be identified. The earlier potential delays are identified, the greater the possibility of preventing them.

If there is a deviation from schedule, a redefinition of the work to be done, or some other problem, it is up to the municipal and consultant project managers to assess its impact upon the objectives of the project and to take corrective action. A review of the terms of reference and proposal will help to determine how serious the problem is. The municipal project manager and the consulting project manager should collaborate in drawing up plans for corrective action. These documents can be used for subsequent monitoring.

Monitoring Changes to the Work Plan

Any proposed change should be fully documented and understood, including its impact on target dates, costs, resource requirements, and attainment of the stated objectives.

Changes in the work plan can arise for many reasons. One reason might be that the municipality's needs have changed during the contract period. For instance, during the installation of a computer system in the treasury department, the municipality may decide to add additional standard reports. Another reason may be illness of a key person on the municipal or consultant project team. Acts of God may necessitate change to the work plan. Finally, lack of performance by either party may precipitate work plan changes.

The terms of reference may permit procedures to be followed when defined minor changes are made. The project manager would include such changes in his progress reports.

All changes and modifications should be incorporated into the work plan and clearly identified.

Controlling Costs

If costs are to be controlled effectively, a system of record-keeping together with a formal approval procedure for expenditures, must be devised and in place before the project begins.

The simplest method is to route all invoices through the project manager who verifies that the work has been done and that the billing is in accordance with project records and contract terms. He or she then approves it for payment. Receipt of billings, records of work done and payments should be noted on a project control sheet.

In certain circumstances it may be worthwhile instituting a control system over and above normal project accounting procedures. Activities priced on a per diem basis, estimated significant changes for material, anticipated substantial travel expenses, or probable numerous extras may warrant the use of such a control system. The consultant and the project manager or senior officer responsible for the project would have to keep in close touch if the system is to work well.

One way to control costs is to permit changes to the terms of reference only under the most exceptional circumstances. Changes would be allowed only after full discussion of, and written agreement to, the cost implications. Municipalities should be careful that good ideas are not stifled. Situations will arise where flexibility is desirable. For instance, where only minor changes are to be made which have little or no bearing on costs, the municipality may want to give the project manager a certain amount of leeway in order to avoid unnecessary delay.

Problem-Solving

No matter how well you and the consultant have done your preliminary work in defining the job and establishing a work plan, problems will arise.

In resolving problems that arise it is necessary to identify

- the impact on the project now
- the effect if the problem in unresolved
- the options available
- what options are acceptable
- who can make a decision
- if there are cost implications, who is responsible.

If a problem cannot be resolved and the effect is to make acceptable results unattainable, then the project may have to be cancelled. The cancellation clause in the contract comes into play.

Whatever the decision taken, it should be put in writing, agreed to by both parties to the original contract, and communicated to all concerned.

12. EVALUATING THE JOB

Why Evaluate?

No job is perfect. Any job can be improved. Therefore, all aspects of a job, from the definition of a need for the job to the implementation or deferment of final results, can be evaluated.

Evaluation provides the municipality, and to some extent the consultants, with information that can assist in more effective operation in the future.

Where a consulting project calls for recommendations, the decisions of council and senior management about implementing the recommendations are a good yardstick for purposes of evaluating the job. Causes for the rejection or deferment of recommendations may provide clues for future improvements in the job definition, the client-consultant relationship, the presentation of recommendations and the timing of the job. Analyzing the reasons why recommendations were not accepted may also help to determine whether the objectives were, in fact, really what the municipality wanted.

Evaluation Procedures

It is generally agreed that a policy of evaluating all jobs is desirable. Since a full evaluation is time-consuming, decisions should be made when the terms of reference are drawn up covering the scope of the evaluation and whether it is to be ongoing or done only at the end.

It may be necessary to develop different forms of evaluation procedures for each type of job undertaken. Some evaluation can be made on a continuing basis, using progress and status reports. Copies should be retained on a project file. Such reports are particularly valuable at a later date when considering how well schedules were maintained and in evaluating the performance of the consultant and staff. The practicality, attainability and measurability of objectives should be reviewed.

Evaluation of the methods used to define the original need for the job, to select a consultant, to prepare terms of reference, to monitor progress and to control costs might also be undertaken.

The evaluation should include discussions with all those responsible for each aspect of the job. The evaluation is not intended to be a criticism. Rather, it is intended to document the effectiveness of procedures and performance in achieving the purpose of each step. It is intended to be a guide to successful jobs in the future.

13. SUMMARY

As an overview and easy reference to the process of deciding whether a consultant should be used, the elements of a work plan, the steps in project control and the elements of a good job have been summarized on the following three pages.

KEY POINTS OF WHEN AND HOW TO HIRE A CONSULTANT

When

- When the work cannot be done effectively by staff, contract employees or students.
- When an objective, professional opinion is needed.
- When there is a statutory or regulatory requirement.

How

- Look for talent and experience first.
- Consider at least three or four eligible firms.
- Provide a clear description of the work to be done.
- Do a cost-benefit analysis.
- Provide detailed terms of reference.
- Request proposals (RFP).
- Select the most qualified based on needs and suitability.
- Negotiate final costs.
- If agreement is reached, draw up a contract.
- If you cannot agree, approach a second choice.

Cost

- Cost alone should not be the deciding factor.

ELEMENTS OF A WORK PLAN

The work plan should include the following:

Calendarize groups of activities

- *what* is to be done?
- *who* is to do it?
- *how long* will it take?
- *when* will it be completed?
- *result* of activities

Relationships of activity groups

- which are sequential – which must be done first?
- which are parallel – can be done at the same time?

Decision points/milestones

- Key dates/points in plan
  - when reports are due
  - when decisions are necessary

PROJECT CONTROL

- appoint a municipal project manager
- identify the consultant project manager
- review work plan, decision points
- establish monitoring procedures
  - reports (progress, status)
  - meetings
- determine controllable areas
- set up procedures for problem-solving
  - determine nature of problems
  - identify contact (project manager)
  - determine extent of authority
- impact of change to plans
- impact on costs
- determine method of payment

ELEMENTS OF A GOOD JOB

In summary, a good job can be defined as one that:

1. satisfies the municipality
2. meets objectives
3. is within budget
4. is on time
5. runs smoothly with minimal disruptions and mutual problem-solving
6. satisfies the consultant.

14. CONCLUSION

This publication has covered concepts and principles of the consulting process that are of interest to municipalities in Ontario. It also describes a number of alternatives that have worked well in practice. It delineates a number of elements to consider at various stages in the process of hiring a consultant to ensure satisfactory results.

When policies and procedures are established, it is best to ensure that they are in writing and are clearly understood by all who must use them. As municipal staff gain more experience, particularly if the evaluation process is followed, procedures can be modified to reflect policy decisions designed to improve performance. Also, it will be necessary to review and modify policies and procedures as municipal environments change.

If both the municipality and the consultant understand what is to be achieved and how, have agreed to what each will do and are committed to doing it, have developed procedures for monitoring events and resolving problems, then the chances of having a "good job" done are greatly improved.

When problems arise, the municipality should identify what they are, determine how they will affect the job, and decide what actions can be taken to resolve them. In extreme cases, it may be necessary to cancel the project or to take legal action.

However, what both parties really want is that "good job." If concepts in this publication are applied to *your* environment and *your* job, there is a good chance of getting what you want.

For assistance in finding the most suitable resource, or for further details on some of the specific procedures, techniques or criteria discussed in these guidelines, contact your local Municipal Affairs field office.

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